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FM AMEMBASSY TEGUCIGALPA
TO RUEHC/SECSTATE WASHDC PRIORITY 6391
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RUEAWJA/DEPT OF JUSTICE WASHDC PRIORITY
RUEHC/DEPT OF LABOR WASHDC PRIORITY
RUEAFCC/FCC WASHDC PRIORITY
RUEHLMC/MILLENNIUM CHALLENGE CORP WASHINGTON DC PRIORITY 0676

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STATE FOR EB/IFD, WHA/EPSC, INR/IAA, DRL/IL, AND WHA/CEN
STATE FOR L/LEI, EB/OMA
STATE PASS USTR
JUSTICE FOR CRIMINAL DIVISION/FRAUD SECTION/MARK MENDELSON AND
WILLIAM JACOBSON

E.O. 12958: N/A

TAGS: [ECON](#) [ECPS](#) [EINV](#) [ELAB](#) [KJUS](#) [KPRV](#) [PGOV](#) [PINR](#) [HO](#)
SUBJECT: HONDUTEL WARNING CABLE

Ref: Tegucigalpa 01077

11. Recent newspaper reports have identified serious corruption and fraud at state-run telephone company Hondutel. The charges, which include extortion, fraudulent signing of contracts and misuse of power, are currently under review by the Honduran Attorney General's office after the national Congress specifically requested an in-depth investigation. Currently, Hondutel management and unions are attempting to block legislation which would open the telecommunications market to more liberalized competition (Post reporting on telecom situation reftel).

12. Given the ongoing investigations, Post strongly advises that companies that seek to do business in the telecommunications market in Honduras exercise extreme caution when dealing with Hondutel. Post points of contact on matters related to Hondutel are Martin Healy (healymp@state.gov) or Robert Armstrong (armstrongra@state.gov).

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